

Case Study

Honeybee Toys





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What does your company do?

Honeybee imports handmade wooden toys from Europe and sells them to the Australian wholesale and retail markets. The majority of stock we source is manufactured in Germany.

What countries do you trade with / which currencies do you trade in?

We deal in a number of foreign currencies: Danish Krone (Kr), US Dollar (USD) and Swedish Krona (SEK). Although 95% of our buying is in euro (EUR) and we sell in AUD.

What are your typical monthly currency volumes in AUD?

Our currency volumes really fluctuate. During an average month, we trade between AUD\$300,000 to \$600,000.

What is your biggest challenge when it comes to receiving international payments and currency risk management?

We have huge exposure to the euro, which can be very concerning when global markets fluctuate, especially the US since the euro tends to reflect USD movements. So, volatility of the euro (and USD) is our main challenge – this impacts our bottom line if we aren't properly hedged.

Thanks to social media, our business has been following a growth trend over the last few years. We've inherently been part of a worldwide promotional trend due to the fact our products can be easily showcased on Instagram and Facebook by happy buyers. COVID has in fact further accelerated our growth trajectory, exposing us to even more markets. So, our need for currency risk management will no doubt only increase over coming years.

Because our products are high-end, we also need to be conscious that if there is any uncertainty in the market, this can impact discretionary spending. Corpay provides us with peace of mind – we feel we now have a level of protection against any downside movement whilst maintaining our ability to participate in upside with the currency movement. We would never trade now without that safety net.

Are there any examples of how currency risks have negatively affected your business in the past?

In March 2020, when the global impact of COVID hit, the AUD fell 10% against the euro, which meant we had to increase our pricing by 5%, decreasing our margins. We were not working with Corpay then.

What made you choose Corpay?

We've worked with a few currency risk management providers over the last three years and were generally comfortable with who we were using. So, when Corpay contacted us, we were not looking for a new provider, but we thought we'd try them. Since working with Corpay, we have been so impressed with their level of service, especially the educational element. They are in regular weekly contact with us, providing a synopsis of where the market is at and giving us options, allowing us to make clearer, better informed decisions.

How do you use Corpay to manage your currency exposure and payments?

We speak with Corpay each week to plan our upcoming currency exposures and hedging positions, and discuss major market developments and forecasts. They really help protect our profit margins.

What products/solutions do you use?

We use a Window forward Extra and value the flexibility it offers, allowing us to participate on the upside, while being protected on the downside. Protection for us is key.

Can you give a specific example of how you have used Corpay to manage international currency exposure?

Corpay's support has been excellent, giving us a sense of security and confidence in our day-to-day operations. If something unforeseen happens in the market we feel we are well looked after and have a safety net in place. They regularly check in to share market updates and advise on hedging positions, which has been very helpful.

What is the single biggest reason you would recommend our service offering?

Service. Corpay back up their talk with action and as a result of gaining a better understanding of the markets and the implications of currency trends, I feel the business is in a better position.